



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR

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December 19, 2008

Mr. Craig Buehler, Chief
California Department of Justice
Criminal Intelligence Bureau
1102 Q Street
Sacramento, CA 95811

Dear Mr. Buehler:

**Final Audit Report—California Department of Justice, California Antiterrorism
Information Center, Interagency Agreement 6053-6**

Enclosed is the final report on our audit of the California Department of Justice's (DOJ) California Antiterrorism Information Center (CATIC) Interagency Agreement 6053-6 for the period July 1, 2006 through June 30, 2007. Our audit was performed under an interagency agreement between DOJ and the Department of Finance, Office of State Audits and Evaluations (Finance).

The audit included a review of revenue and expenditures, internal control, and compliance with contract provisions. We found that DOJ's revenue and expenditures for the CATIC interagency agreement were fairly stated. Because our audit identified no findings, we are issuing this report as final. In accordance with Finance's policy of increased transparency, this report will be placed on the Finance website.

We appreciate the assistance and cooperation of DOJ staff during our audit. If you have any questions regarding this report, please contact Mary Kelly, Manager, at (916) 322-2985.

Sincerely,

Original signed by Janet I. Rosman for:

David Botelho, Chief
Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. James Humes, Chief Deputy Attorney General, Office of the Attorney General
Mr. Andy Kraus, Director, Office of Program Review and Audits, California
Department of Justice
Mr. Richard Lopes, Deputy Director, Division of Law Enforcement, California
Department of Justice
Ms. Sue Johnsrud, Director, Division of Administrative Support, California
Department of Justice
Ms. Karen Sherwood, Special Agent-In-Charge, Bureau of Investigation and Intelligence,
California Department of Justice
Ms. Deborah Merrill, Accounting Office, California Department of Justice
Mr. Kirby Everhart, Chief, Crime and Gangs Branch, Governor's Office of Emergency
Services

A GRANT AUDIT

California Department of Justice
California Antiterrorism Information Center
Interagency Agreement 6053-6
For the Period July 1, 2006
through June 30, 2007

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE AUDIT TEAM

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Final reports are available on our website at <http://www.dof.ca.gov>

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PREFACE

The Department of Finance, Office of State Audits and Evaluations, performed this audit under an interagency agreement with the California Department of Justice (DOJ). The purpose of the audit was to determine whether DOJ complied with the Governor's Office of Emergency Services' (OES) California Antiterrorism Information Center interagency agreement.

The audit objectives were as follows:

- To determine whether DOJ appropriately used state funds as intended and specified in the interagency agreement.
- To determine whether DOJ's internal control allows for the accurate and timely development of accounting data needed to produce the *Statement of Budgeted, Claimed, and Allowed Expenditures*.
- To verify DOJ's compliance with applicable laws, regulations, and interagency requirements.
- To provide, as necessary, recommendations regarding the eligibility of funding and improving internal controls.

This report is intended for the information and use of DOJ and OES management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not restricted.



INDEPENDENT AUDITOR'S REPORT

Mr. Craig Buehler, Chief
California Department of Justice
Criminal Intelligence Bureau
1102 Q Street
Sacramento, CA 95811

We have audited the accompanying *Statement of Budgeted, Claimed, and Allowed Expenditures* (Statement) of the California Department of Justice (DOJ) in accordance with the Office of Emergency Services interagency agreement 6053-6 for the period July 1, 2006 to June 30, 2007. The Statement was prepared from DOJ's records and is the responsibility of DOJ's management. Our responsibility is to express an opinion on the Statement based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with *Government Auditing Standards*, as promulgated by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In connection with our audit, there are certain disclosures required by *Government Auditing Standards*. The Department of Finance (Finance) is not independent of the audited entity, as both are part of the State of California's Executive Branch. As required by various statutes within the California Government Code, Finance performs certain management and accounting functions. These activities impair independence. However, sufficient safeguards exist for readers of this report to rely on the information contained herein.

The accompanying Statement was prepared, as described in Note 3, for the purpose of determining DOJ's fiscal compliance with the requirements of interagency agreement 6053-6. The Statement is not intended to be a presentation of DOJ's total revenue and expenditures.

In our opinion, the Statement referred to above presents fairly, in all material respects, the budgeted, claimed, and allowed expenditures for interagency agreement 6053-6 for the period July 1, 2006 through June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DOJ's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects management or the employees' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of DOJ's financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether DOJ's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of DOJ management, those charged with governance, and the Legislature, and is not intended to be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

Janet I. Rosman, CPA
Assistant Chief, Office of State Audits and Evaluations
(916) 322-2985

December 19, 2008

STATEMENT OF BUDGETED, CLAIMED, AND ALLOWED EXPENDITURES

California Department of Justice
California Antiterrorism Information Center
Interagency Agreement 6053-6
For the Period July 1, 2006 through June 30, 2007

	<u>Budgeted</u>	<u>Claimed</u>	<u>Allowed *</u>	<u>Questioned</u>
Grant Funds:				
Personnel	\$2,708,452	\$2,678,125	\$2,678,125	\$ 0
Operating	<u>4,102,548</u>	<u>3,091,500</u>	<u>3,091,500</u>	<u>0</u>
Total Grant Funds	<u>\$6,811,000</u>	<u>\$5,769,625</u>	<u>\$5,769,625</u>	<u>\$ 0</u>

* Allowed amounts are based on the results of audit tests.

The accompanying notes are an integral part of this statement.

NOTES TO THE STATEMENT OF BUDGETED, CLAIMED, AND ALLOWED EXPENDITURES

**California Department of Justice
California Antiterrorism Information Center
Interagency Agreement 6053-6
For the Period July 1, 2006 through June 30, 2007**

NOTE 1 Definition of the Reporting Entity

The constitutional office of the Attorney General, as chief law officer of the state, has the responsibility to see that the laws of California are uniformly and adequately enforced. This responsibility is fulfilled through the diverse programs of the California Department of Justice (DOJ).

The DOJ is responsible for providing skillful and efficient legal services on behalf of the people of California. The Attorney General represents the people in all matters before the Appellate and Supreme Courts of California and the United States; serves as legal counsel to state officers, boards, commissions, and departments; represents the people in actions to protect the environment and to enforce consumer, antitrust, and civil rights laws; and assists district attorneys in the administration of justice.

The DOJ also coordinates efforts to address the statewide narcotic enforcement problem; assists local law enforcement in the investigation and analysis of crimes; provides person and property identification and information services to criminal justice agencies; supports the telecommunication and data processing needs of the California criminal justice community; and pursues projects designed to protect the people of California from fraudulent, unfair, and illegal acts.

NOTE 2 Program Information

The Budget Act for fiscal year 2006-07 allocated \$6,811,000 to the Governor's Office of Emergency Services (OES), for the ongoing support of the California Antiterrorism Information Center (CATIC). The OES allocated the funds to DOJ via interagency agreement 6053-6.

CATIC is a secure, central data base that provides law enforcement with statewide intelligence support to combat terrorism. CATIC was established by the California Attorney General and Governor in partnership with local, state and federal law enforcement agencies.

CATIC, part of California's response to a federal call for counter-terrorist task forces to prevent future attacks, has four primary goals:

- Serve as a central collection point for all anti-terrorist information for all California law enforcement agencies.
- Provide analysis, threats, trends, and strategic planning on all criminal intelligence gathered/shared with local state and federal law enforcement agencies.
- Rapidly disseminate intelligence information on criminal acts to prevent criminal/terrorist events from taking place.
- Act as the law enforcement liaison between local and federal law enforcement authorities.

NOTE 3 Summary of Significant Accounting Policies

A. Basis of Presentation

We prepared the *Statement of Budgeted, Claimed, and Allowed Expenditures* (Statement) from DOJ's accounts and financial transactions. The Statement summarizes DOJ's expenditures pertaining to the interagency agreement and its specific reporting period. The reporting period is based on DOJ's documentation supporting the claimed expenditures and request for grant reimbursement, with the ending date representing the effective end date of interagency agreement 6053-6.

The Statement is not intended to represent all of DOJ's expenditures, and summarizes DOJ's transactions pertaining only to interagency agreement 6053-6.

B. Basis of Accounting

DOJ's accounts are maintained on a modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.